



Senator Richard Bray

200 W. Washington St.
Indianapolis, IN 46204

News from the Indiana State Senate

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News from the Indiana State Senate

Commission Studies Methods To Replace Property Tax

“We want a better system,” and “Do no harm,” were the sentiments echoed in the Property Tax Replacement Study Commission, which has met several times at the Statehouse. The property tax situation in Indiana is a frustration shared by many as the newly-formed committee, consisting of legislators, farmers, businessmen, and homeowners, develops methods to reduce local government’s reliance on property taxes.

The reassessment process is complete in almost every county in Indiana, and agencies and organizations are collecting data that will aid the commission and the legislature in figuring ways to replace over \$5.5 billion in property taxes collected each year and to provide oversight of over 9,000 levies and 172 different types of funds for local government programs and services.

This monumental task is being conducted due to a law passed during the 2004 legisla-

tive session. The committee must study the effects of eliminating 50 percent, 75 percent, and 100 percent of net property tax levies.

One major hurdle for the commission is to identify revenue sources capable of replacing property taxes and providing sufficient revenue to maintain essential government services. The commission will submit status reports to the Legislative Council, which is the administrative body of the General Assembly, in September.

The commission broke down into small groups that will work on five major issues during the year: Property Tax Administration Issues; Local Government Services; Long Term Debt Issues; Other State Tax Systems; and Property Tax Levies and Controls.

The goal is to lessen local governments’ dependence on property taxes and create a more equitable and fair method of funding local government.

Legislature Settles Gun Issue

“The people shall have a right to bear arms, for the defense of themselves and the State.” Article 1, Section 32 of the Indiana Constitution grants us the freedom to own firearms.

In Indiana, however, if someone is in your home, steals your gun, and injures or kills someone, you could have been sued by the victim, according to an Indiana Supreme Court decision last year. The decision left open the door open to numerous possible lawsuits against gun owners.

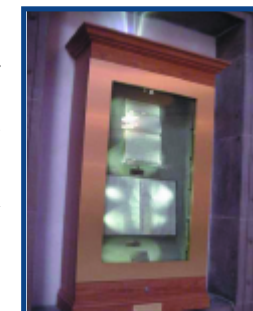
We in the Indiana General Assembly decided to protect the more than 300,000 gun owners in Indiana who are law-abiding citizens. During the 2004 session, we passed House Enrolled Act 1349 into law in order to prevent gun

owners from being sued if their guns were stolen and used to commit a crime.

Should you be held liable for crimes committed by a criminal simply because your property assisted in that act? Clearly, we believe the answer is no.

The protection afforded in the legislation is no different than if someone were to steal your car, which you legally own, and injure someone with it. The driver, not the owner, maintains liability.

This new law, which went into effect on July 1, attempts to restore social responsibility and place blame where it belongs — on the offender, not the law-abiding citizen.



The Indiana Constitution on display in the State Capitol rotunda.

News You Can Use

Programs Offer Drug Discounts for Seniors

There are high costs involved in bringing prescription drugs to the open market. Part of that price tag is passed on to consumers, which is a hardship for patients who do not have drug coverage.

The federal government has launched a new drug discount card. Medicare will be providing reliable and accessible information. Anyone enrolled in Medicare Part A or Part B and not receiving Medicare benefits is eligible for the discount drug card program. For more information or to become enrolled, you may call **1-800-MEDICARE** (1-800-633-4227) or visit **www.medicare.gov**.

HoosierRx is a state program that helps shift the cost of prescription drugs away from low-income seniors. HoosierRx was enacted four years ago by the General Assembly and allows seniors who qualify to receive a 75 percent discount on the cost of medications. This program will be coordinated with the Medicare discount drug card to maximize savings. Low-income seniors can sign up for the HoosierRx Drug Card by calling, toll-free, **1-866-267-4679** or by visiting **www.in.gov/HoosierRx**. Local pharmacies will also have applications.

Bray Invites Students to Page at Statehouse

Over 200 years ago, our founding fathers collaborated to create a representative democracy and an intricate system of checks and balances emerged. Every year, students study this in in the classroom; however, no book can tell the whole story.

The General Assembly recognizes the importance of exposing young people to the democratic process. As a result, legislators offer students an important opportunity at the Statehouse. Any student from 6th grade to 12th grade can sign up to serve as a page for a day. The Senate Page Office will try to accommodate requests for specific dates, and students will be excused from school for the day.

Pages spend a day in the Senate assisting their local legislators. Responsibilities include responding to senators’ requests, delivering messages and running errands. The day includes a tour of the Statehouse and observation of a session. Those interested in serving as a page should send their name, age, address, phone number and school affiliation to my attention at 200 West Washington Street, Indianapolis, IN 46204. The Page Office will begin accepting requests in November.

I serve the citizens
of Senate District 37,
which includes Clay, Johnson,
Monroe, Morgan, Owen and
Putnam Counties.

Stay connected
to the Indiana General Assembly
by visiting
www.in.gov/legislative

You can also visit
my legislative web site at:
www.in.gov/S37

Send letters to:
Sen. Richard Bray
Indiana Senate
200 W. Washington St.
Indianapolis, IN 46204

Consumer Information

Unclaimed Property

The Attorney General reports thousands of unclaimed property listings all across the state of Indiana. Some possible sources of unclaimed property are: credit balances, old savings and checking accounts, unpaid wages, mutual fund shares, insurance proceeds, uncashed traveler's checks, and utility deposits.

You can contact the Indiana Attorney General's office to see if you or a relative has a claim. Visit www.indianaunclaimed.com or call, toll-free, **1-866-IN-CLAIM** (1-866-462-5246).

Unwanted Faxes

Contact the Federal Communications Commission to report any unsolicited faxes. You can file a formal complaint at www.fcc.gov/cgb/complaints.html or call, toll-free, **1-888-225-5322**.

Direct Mail Lists

Tired of receiving advertising through the mail? Remove your name from direct mail lists by visiting

www.dmaconsumers.org or write to:

Mail Preference Service
Attn: Dept 12851374
Direct Marketing Association
PO Box 282
Carmel, NY 10512

National No-Call List

Indiana led the way with the creation of a no-call registry. Federal legislators followed suit by creating a national do not call list. Consumers now can list both home and mobile phone numbers in order to prevent unsolicited telemarketing calls. To register your phone number on the national list, visit www.donotcall.gov or call, toll-free, **1-888-382-1222**. Additions to the list are updated every three months.



F.A.Q.

Frequently Asked Questions About Indiana's Legislature

Q: Why is the Indiana General Assembly called a "citizen legislature?"

A: Indiana lawmakers spend only a few months each year at the Capitol. The rest of the year, each legislator lives and works in the district he or she represents. Our part-time legislature offers substantial savings to Indiana taxpayers. The National Conference of State Legislatures ranks Indiana 45 among the 50 states with regard to the expenditures of the legislature per capita. About 0.33 percent of the state's General Fund budget is spent on the legislature.

Q: Where is the money generated from gaming profits, such as the Hoosier Lottery, river boats, pari-mutuel, etc., going?

A: Of the \$670 million of the state's share of gaming profits in 2003, \$294 million was dedicated to the Property Tax Replacement Fund to help subsidize homeowners' local property tax bills through payment of homestead credits. The second-largest share, \$236 million, cuts the "license plate tax," the excise tax Indiana motorists pay annually when renewing their vehicle license plates, by up to 50 percent yearly.

Q: How does the General Assembly function when it is not in session?

A: The Legislative Council is composed of 16 legislators, including the speaker of the House, Senate president pro tempore, and floor leaders of the majority and minority parties. It is designed to provide an interim coordination structure for the General Assembly. Created in 1967 by combining and expanding existing legislative service agencies, the Council assists the General Assembly through its selection of interim study committees, research, fiscal analysis, and bill drafting staff.

Q: How does a senator author a bill?

A: A senator takes an idea for a bill to the non-partisan Legislative Services Agency. The staff provides necessary legal, fiscal, and research capabilities for the General Assembly. Drafting legislation, compiling and publishing the rules and regulations of state agencies, assisting committees during the interim and session, and furnishing figures on the estimated cost of existing or proposed state services are among the tasks performed by LSA staff.



State Faces Tough Budget Decisions in 2005

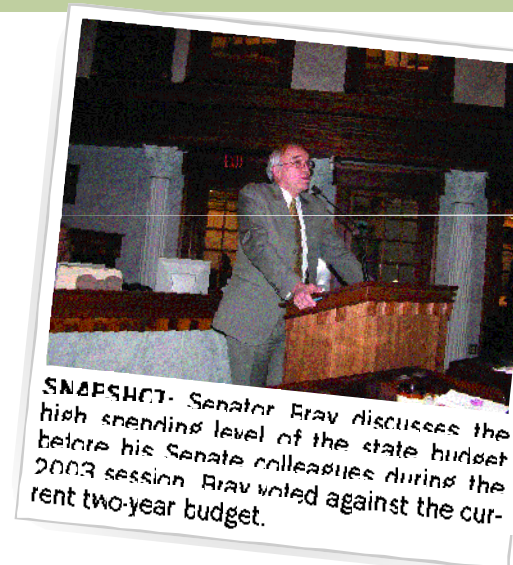
Indiana Personal Income Lags the Nation

On July 12, the state closed the books for Fiscal Year 2004. According to official figures released by the State Budget Agency, the state is expected to have a "surplus" or "reserve" of just \$300 million on June 30, 2005 – the close of the current budget cycle. As shown on **Figure 1**, this means the state's reserve will have declined by nearly \$2 billion since 1998.

The problem is that state spending has been exceeding state revenues for the past several years. State revenue collections actually decreased in both Fiscal Years 2001 and 2002 before showing a 0.5 percent increase in 2003. Revenue collections

increased by about 2.7 percent for Fiscal Year 2004, the year that just ended.

In order to avoid big spending cuts in education and health care, the state has been using the surplus and employing spending delays and other temporary solutions. These measures make it possible for the state to spend nearly \$800 million more than it will collect this year. While there is nothing inherently wrong with these accounting measures – they have helped the state avoid big spending cuts in our schools – these measures are only one-time temporary fixes and cannot be sustained. So, while it may seem like Indiana's economy is improving,



SNAPSHOT: Senator Fray discusses the high spending level of the state budget before his Senate colleagues during the 2003 session. Fray voted against the current two-year budget.

the state's financial condition actually remains very weak.

A \$300 million reserve sounds like a lot of money. But with an annual \$11.2 billion General Fund Budget, including big items such as \$4.3 billion for K-12 education, \$2.1 billion for local property tax relief, \$1.4 billion for universities and \$1.2 billion for Medicaid, \$300 million really is not a sufficient reserve. In fact, the State Budget spends more than \$30 million per day every day of the year. A \$300 million reserve barely funds 10 days of expenses.

The root of Indiana's budget problems is slow revenue growth. Part of the problem is job loss due to the recession. But the real problem is that Indiana lags the nation in personal income growth. As reflected in **Figure 2** the problem has steadily grown since 1996. Today, the average Hoosier worker earns only about 91 cents for every \$1.00 earned by the average worker nationwide. Just as Hoosier workers earn less, state tax revenues lag as well. If Indiana workers earned the same as the national average, the subsequent gain in tax revenues would erase the state's structural deficit. Indiana needs to improve its economy relative to the nation or Indiana's budget – and the ability to adequately fund priorities like education and health care – will remain a problem.

Beginning in January, the General Assembly will start work on the state budget for the next biennium. Much of the discussion will center on adequate funding for education and health care. But, it is equally important to continue to try to find ways to diversify the economy and stimulate business investment as the real long term solution to the state's budget dilemma.

Figure 1

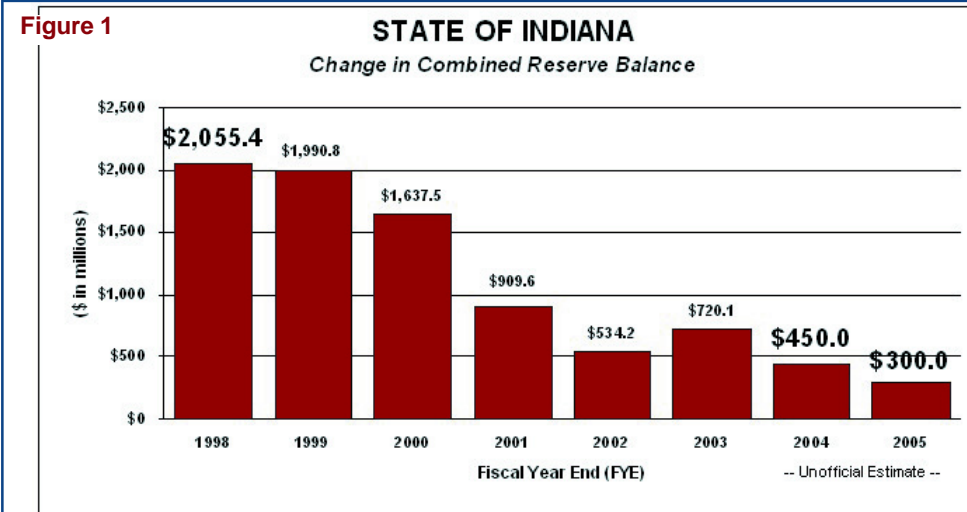


Figure 2

